MMS Issues Final Notice of Central Gulf Lease Sale 213

Revised Lease Terms Will Promote Diligent Development of Gulf Energy Resources

NEW ORLEANS – The Department of the Interior’s Minerals Management Service (MMS) is issuing the final notice for a Federal oil and gas lease sale in the Central Gulf of Mexico (CGOM). Lease Sale 213 will be held March 17, 2010, in the St. Charles Club Room, at the Louisiana Superdome in downtown New Orleans. The Final Notice of Sale (FNOS) will be published in the Federal Register on February 12, 2010. Sale 213 encompasses 6,958 unleased blocks covering more than 36.9 million acres offshore Louisiana, Mississippi, and Alabama. Approximately 4.1 million unleased acres in the 181 South Area are included in this sale, with Alabama, Mississippi, Louisiana, and Texas sharing in revenues from tracts leased in that area.

The Final Notice of Sale states the lease terms and economic conditions for this particular sale. For Sale 213, there will be changes in initial lease periods for leases in water depths of 1,312 feet (400 meters) to less than 5,249 feet (1600 meters).

"These changes to the initial lease periods will help MMS provide a fair return to the public for OCS resources and a fair opportunity for lessees to explore, develop and profit from their leases while encouraging diligent development," said MMS Director Liz Birnbaum.

In water depths of 1,312 feet (400 meters) to less than 2,625 feet (800 meters) the previous 8-year lease period, which included a requirement that a well be drilled in the first 5 years, is being replaced with a 5-year initial period for a lease which may be extended by 3 years if a well is begun during the initial period. In water depths of 2,625 feet (800 meters) to less than 5,249 feet (1600 meters), a new lease period of 7 years replaces the previous 10-year lease period, with an extension of 3 years if a well is begun during the initial period. A 10-year initial lease period will be retained in water depths of at least 5,249 feet (1600 meters).

"MMS recognizes that advances in technology have decreased the time necessary for exploration and development in some water depths, while frontier conditions still exist in the deepest waters of the Gulf," explained Birnbaum. "The reduction of some initial lease periods with possible extensions is a way to expedite development."

MMS estimates that this sale could result in production of approximately 0.8 to 1.3 billion barrels of oil and 3.3 to 5.4 trillion cubic feet of natural gas. The acreage is located from three to 230 miles offshore in water depths of about 10 feet (three meters) to more than 11,200 feet (3,400 meters).

All terms and conditions for Central Sale 213 are detailed in the FNOS information package on the MMS Website.

Copies can be requested from the MMS Gulf of Mexico Region’s Public Information Unit, 1201 Elmwood Park Boulevard, New Orleans, LA 70123, phone (504) 736-2519 toll free 1-800-200-GULF.

News Media Contact:
MMS Public Affairs

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U.S. Department of the Interior